



April 16, 2015

Mr. Craig Cross  
California Department of Water Resources  
Division of Integrated Regional Water Management  
Financial Assistance Branch  
Post Office Box 942836  
Sacramento, CA 94236-0001

[DWR\\_IRWM@water.ca.gov](mailto:DWR_IRWM@water.ca.gov)

**Subject: Comments on Draft 2014 Water-Energy Grant Solicitation Funding  
Recommendations for the Coachella Valley Water District and Desert Water  
Agency**

Dear Mr. Cross,

The Coachella Valley Water District (CVWD) and Desert Water Agency (DWA) would like to express our appreciation to the California Department of Water Resources (DWR) for the opportunity to provide input on the draft funding recommendations for the 2014 Water-Energy Grant Solicitation. We have three specific comments with regards to the 2014 Water-Energy Solicitation, which include the following and are outlined below:

- Allocate Additional Funding to Water-Energy Applications
- Clarify Energy Intensity Modifications
- Clarify Energy Savings Calculations

**ALLOCATE ADDITIONAL FUNDING TO WATER-ENERGY APPLICATIONS**

On March 30, 2015 DWR released draft funding recommendations identifying how the \$19 million in 2014 Water-Energy Grants would be allocated statewide; this information included a table that showed all of the applications that were received by DWR for this grant opportunity and the applications that DWR recommended for funding. The table of applications and draft awards shows that DWR received nearly 100 applications for the \$19 million that was available, and was only able to recommend funding to 15 of the applications that were submitted; of these, only 8

were recommended to receive their full funding request. These figures show that there is a substantial demand for grant funding to help fund priority projects throughout the State that would save both water and energy.

The ongoing drought in California is likely a large contributor to this high demand for funding, and we appreciate that DWR is working with the Governor and the California Legislature to allocate an additional \$1 billion in funding for drought relief and critical water infrastructure projects through emergency legislation contained in Assembly Bill (AB) 91 and AB 92. The AB 91 emergency legislation, among other things, allocates an additional \$19 million to fund:

1. Water energy programs or projects that reduce greenhouse gas emissions and water and energy use (\$9 million from Item 3860-101-3228), and
2. Water-energy efficiency projects (\$10 million from 3860-301-3228).

**We request that DWR use the \$19 million in recently allocated funding from the aforementioned portions of AB 91 to fund all projects included within Funding Priority 1-7** as currently listed in the Water-Energy Grant Program Draft Funding Recommendations that are available here:

[http://www.water.ca.gov/waterenergygrant/docs/Awards\\_Table.pdf](http://www.water.ca.gov/waterenergygrant/docs/Awards_Table.pdf)

As shown below in **Table 1**, projects listed as falling within Funding Priority 1-7 have a cumulative grant request of \$38,609,244. By adding the \$19 million already appropriated for the 2014 Water-Energy Grant solicitation to the \$19 million from AB 91, DWR would have a total of \$38 million available to fund these projects. As was done by DWR to allocate the original \$19 million in the Draft 2014 Water-Energy Grant Solicitation Funding Recommendations, the grant award for projects in the lowest priority category (Priority 7) could be proportionately reduced such that the cumulative grant award would meet the \$38 million available to DWR. Details about this funding recommendation and the proportional reductions for Priority 7 projects are provided in **Table 1**.

The proposed funding revision included in **Table 1** would maximize the use of funding currently available to DWR and would also allow DWR to fund 26 high-priority grant applications that have already been vetted by DWR staff to ensure that they meet all basic requirements and would result in water, energy, and greenhouse gas emissions savings. This proposed funding revision would also help to demonstrate our State's rapid response to the ongoing drought by expediting funding to projects that will save water and help agencies meet stipulations of the Proposed Regulatory Framework for implementation of the required 25% potable urban water savings called for in the Governor's April 1, 2015 Executive Order.

**Table 1: Recommended Revision to 2014 Water-Energy Grant Awards with Addition of AB 91 Funds**

Applicant	Energy Rank	Water Rank	DAC	Agreement Components	Funding Priority	Original Grant Request	DWR Draft Award	Recommended Revision
Regional Water Authority	High	High	Yes	Sufficient	1	\$ 2,500,000	\$ 2,500,000	\$ 2,500,000
Alpaugh CSD	High	High	Yes	Sufficient	1	\$ 34,953	\$ 34,953	\$ 34,953
Farmersville	High	High	Yes	Sufficient	1	\$ 1,361,593	\$ 1,361,593	\$ 1,361,593
East Valley Water District	High	High	Yes	Sufficient	1	\$ 2,011,465	\$ 2,011,465	\$ 2,011,465
SEMCU Foundation, Inc.	High	High	Yes	Sufficient	1	\$ 218,594	\$ 218,594	\$ 218,594
Elsinore Valley MWD	High	High	No	Sufficient	2	\$ 858,625	\$ 858,625	\$ 858,625
Santa Rosa	High	High	No	Sufficient	2	\$ 2,499,724	\$ 2,499,724	\$ 2,499,724
Ecology Action	High	Medium	Yes	Sufficient	3	\$ 2,495,743	\$ 2,495,743	\$ 2,495,743
Santa Ana Watershed Authority Project	High	Medium	Yes	Sufficient	3	\$ 2,497,263	\$ 2,339,823	\$ 2,497,263
Orange Cove	High	Medium	Yes	Sufficient	3	\$ 690,000	\$ 280,000	\$ 690,000
Sacramento	Medium	High	Yes	Sufficient	4	\$ 2,500,000	\$ 1,929,190	\$ 2,500,000
Association of CA Community and Energy Services	Medium	High	Yes	Sufficient	4	\$ 339,799	\$ 119,996	\$ 339,799
San Gabriel Valley MWD	High	Medium	No	Sufficient	5	\$ 300,000	\$ 231,503	\$ 300,000
Hidden Valley Lake CSD	High	Medium	No	Sufficient	5	\$ 245,700	\$ 189,601	\$ 245,700
Irvine Ranch Water District	High	Medium	No	Sufficient	5	\$ 2,500,000	\$ 1,929,190	\$ 2,500,000
Rancho Mirage	Medium	High	No	Sufficient	6	\$ 621,000	\$ -	\$ 621,000
Paradise Irrigation District	Medium	High	No	Sufficient	6	\$ 1,213,685	\$ -	\$ 1,213,685
Mojave Water Agency	Medium	High	No	Sufficient	6	\$ 200,000	\$ -	\$ 200,000
Coachella Valley Water District	Medium	High	No	Sufficient	6	\$ 2,499,950	\$ -	\$ 2,499,950
Local Government Commission	Medium	High	No	Sufficient	6	\$ 2,499,367	\$ -	\$ 2,499,367
Association of CA Community and Energy Services	Medium	Medium	Yes	Sufficient	7	\$ 2,307,510	\$ -	\$ 2,173,898
Eastern Municipal Water District	Medium	Medium	Yes	Sufficient	7	\$ 2,499,142	\$ -	\$ 2,354,434
West Basin Municipal Water District	Medium	Medium	Yes	Sufficient	7	\$ 589,580	\$ -	\$ 555,441
Self-Help Enterprises	Medium	Medium	Yes	Sufficient	7	\$ 870,551	\$ -	\$ 820,143
Moreno Valley	Medium	Medium	Yes	Sufficient	7	\$ 1,755,000	\$ -	\$ 1,653,380
Eastern Municipal Water District	Medium	Medium	Yes	Sufficient	7	\$ 2,500,000	\$ -	\$ 2,355,242
<b>TOTALS</b>						<b>\$ 38,609,244</b>	<b>\$ 19,000,000</b>	<b>\$ 38,000,000</b>

## CLARIFY ENERGY INTENSITY MODIFICATIONS

The scoring evaluation for our application, the *Coachella Valley Water District and Desert Water Agency Water-Energy Grant Proposal* states that our calculation of weighted Energy Intensity (EI) was incorrect and was re-calculated as 1,554 kilo-watt hours (kWh) per million gallons (MG) of water saved. Based upon direction in the Proposal Solicitation Package (PSP), we calculated the EI based on actual energy and water data at the system level for both CVWD and DWA. Further, because we had two separate EIs for each agency's system, we calculated a weighted-average EI for the entire proposal to be 538 kWh/MG as shown in the following table. **We would appreciate clarification from DWR about how the revised EI of 1,554 kWh/MG was calculated.**

Further, our application included a regional project that is consistent with an IRWM Plan, and we went through the process of calculating a system-specific EI, because we were under the impression that it would potentially affect the scoring of our application based on the following statement in the PSP, "In the case of a tie, preference will be given to proposals that include regional projects, or projects that are consistent with an IRWM Plan (Water Code §10544). Additional consideration will also be given to projects that provide System specific energy intensity and emission factors" (PSP page 12 of 31). **We would appreciate clarification from DWR about how these factors were taken into consideration during the final scoring and ranking of proposals.**

Component	Energy Intensity (kWh/MG)	Turf Replaced (square feet)	Weighted Average Energy Intensity (kWh/MG)
DWA	2,387	768,066.67	538
CVWD	146.219	3,629,854.8	

## CLARIFY ENERGY SAVINGS CALCULATIONS

The scoring evaluation for our application, the *Coachella Valley Water District and Desert Water Agency Water-Energy Grant Proposal* also states that, "Project 2 has been removed from the savings calculation because the project is not a water use efficiency project. Adjusting for the energy savings and project costs, the water savings per million dollars increased and the energy savings per million dollars decreased." Specifically, the energy savings calculation was reduced by DWR from 2,846,904 kWh/\$million to 1,054,736 kWh/\$million.

During development of the application, we had multiple interactions with DWR staff (Cory Saltsman and Laura Peters) where we asked specific questions about Project 2 and its eligibility in the grant application, because as noted by DWR reviewers, this project is an energy saving but not a water saving project. Our conversations with DWR indicated that DWR would evaluate the proposal as a whole and would look at the overall water savings, energy savings, and greenhouse gas emissions reductions on a cumulative basis, rather than examining the projects individually. During these conversations at no time did DWR staff inform us that the calculations for Project 2 would be removed from the savings calculation altogether. **We would like clarification from DWR about the modification to our savings calculations, and specifically, would like to know**

**why the final evaluation by DWR did not align with the information we received from DWR staff during the application development process.**

## CONCLUSION

We sincerely appreciate the opportunity to provide comments on the 2014 Water-Energy Solicitation to DWR, and we value our participation in the statewide IRWM Program. We urge DWR to consider our proposal to allocate funding from AB 91 to the priority projects evaluated by DWR in the 2014 Water-Energy Solicitation; this will help to ensure that funds can be allocated and used expeditiously to bring benefits to the State as quickly as possible. Again, we appreciate the opportunity to provide our feedback to DWR and we look forward to receiving the additional information and clarifications we have requested.

Sincerely,

A handwritten signature in blue ink that reads "Patti Reyes". The script is cursive and fluid.

Patti Reyes  
Planning and Special Programs Manager  
Coachella Valley Water District

A handwritten signature in blue ink that reads "Katie Ruark". The script is cursive and stylized.

Katie Ruark  
Public Information Officer  
Desert Water Agency